



# Chairman's Statement

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## *Consolidated results*

The turnover of the Group for the year ended 31st March 2003 was HK\$38 million representing a decrease of 3% compared to last year. The decrease was mainly due to closure of most of its loss making restaurants during last year. The operating profit of the Group amounted to HK\$4.8 million compared to a loss of HK\$1.7 million in last year. This increase in operating profit is due to closure of most of its loss making restaurants made in prior years and successful downsizing of the Group.

## *Restaurant operations*

The business of the Star House Branch is stable and profitable.

## *Investment properties*

The investment properties have contributed steady rental income to the Group.

## *Investment in convertible note*

The investment in the convertible note of Opal Technologies Inc, ("Opal") was unsuccessful. A full provision was made for the investment in the previous year. Opal has defaulted in payment of interest on the note since the second quarter of 2001. Trading of Opal's shares on the NASDAQ Bulletin Board has been suspended since 23rd May 2001 due to its failure to file its audited accounts for the year ended 31st December 2000 and subsequent financial years with the Securities and Exchange Commission of the United States of America. Legal action was taken by the Group against Opal last year. The court adjudged that Opal had to pay the Group a sum of US\$10.3 million representing the principal of and interest accrued on the note up to 7th January 2002. As at the date of approval of these accounts, Opal has made no payment since the court judgement.

## *Prospect*

The current principal activities of the Group are restaurant operation and property investment. The Group's financial position is strong with net assets value of HK\$145 million and no bank borrowings. The management will look for good business opportunities.

## *Liquidity and financial resources*

The Group finances its operations with internally generated resources. The Group maintains good business relationship with banks and has banking facilities available for future business development.

## *Details of the charges on group assets*

At 31st March 2003, investment properties and leasehold land and buildings pledged as security to banks amounted to HK\$120 million (2002: HK\$145 million) for the banking facilities of HK\$52 million.

## *Employees*

As at 31st March 2003, the Company had a total of 96 employees. The Group remunerates its employees based on their performance, experience and prevailing industry practices.

On behalf of the Board  
**Ma Shuk Kam**  
Chairperson

Hong Kong, 15th July 2003